



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

February 11, 2000

*Contract replaced
& returned to
operator 4-7-00*

TO: Lowell P. Braxton, Director *mb*
THRU: Mary Ann Wright, Associate Director *MAW*
THRU: Wayne Hedberg, Permit Supervisor *WHD*
FROM: Tony Gallegos, Senior Reclamation Specialist *AG*
RE: Request for Approval of Replacement Reclamation Contract, Summo USA Corporation
(Summo), Lisbon Valley Project, M/037/088 (UTU-72499, ML-20569), San Juan
County, Utah

On December 20, 1999, the Division received an amendment from Summo proposing exploration work within the approved permit boundary for the Lisbon Valley Project large mine operation, located in San Juan County, Utah. The Division currently holds a \$77,066 joint surety bond for the current site disturbances created as part of the Lisbon Valley Project. This amendment would disturb an additional 0.825 acres for the year 2000 exploration.

Summo previously amended their notice in 1999 for exploration within the approved permit boundary. The surety was increased by \$7,166 for that amendment by a rider and new Reclamation Contract which was subsequently approved by the Division on October 6, 1999. A recent joint inspection with the BLM and SITLA revealed the earth work completed in 1999 could be released. With the release of the surety for the 1999 earthwork, the current surety being held by the Division would be sufficient to cover the proposed 2000 exploration work and reseedling of the 1999 work if needed. Rather than post a new surety, Summo would like to reassign a portion of the existing surety to this proposed exploration.

The Division has received letters (see attachments) from SITLA (February 2, 2000) and the BLM (January 27, 2000) stating their agreement with the partial surety release and reassignment of the released surety amount.

Summo provided a new Reclamation Contract on February 9, 2000, which increased the acreage by 0.825 acres and added the legal description for the proposed exploration to Attachment A. If you are in agreement with the Division accepting this updated Reclamation Contract, please sign and date the enclosed contract. We will then issue final approval for Summo's year 2000 amendment. Thank you for your consideration of this request.

jb
Attachments: BLM & SITLA letters
Enclosure: MR-RC
M37-88-mem

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

*This Contract replaced
4-4-00
Returned to
operator 4/9/00*

RECLAMATION CONTRACT
---ooOoo---

RECEIVED

FEB 09 2000

DIVISION OF
OIL, GAS AND MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/037/088</u>
(Mineral Mined)	<u>Copper</u>
"MINE LOCATION":	
(Name of Mine)	<u>Lisbon Valley Copper Project</u>
(Description)	<u>18 Miles south of La Sal, Utah,</u>
	<u>San Juan County</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>4.42 acres (increase of 0.825)</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Summo USA Corporation &</u>
(Address)	<u>Lisbon Valley Mining Co. LLC</u>
	<u>by Summo USA Corporation - Manager</u>
	<u>Denver Center Building, Suite 900</u>
	<u>1776 Lincoln Street</u>
	<u>Denver, CO 80203</u>
(Phone)	<u>303-861-5400</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

CT Corporation

(Address)

50 West Broadway

8th Floor

Salt Lake City, Utah 84104

(Phone)

801-531-7090

"OPERATOR'S OFFICER(S)":

Greg Hahn - President

Robert Prescott - Vice President

James Frank - V.P. Finance & CFO

"SURETY":

(Form of Surety - Attachment B)

Surety Bond - w/rider

"SURETY COMPANY":

(Name, Policy or Acct. No.)

United States Fidelity and Guaranty Co.

~~Policy No. 123456789~~

"SURETY AMOUNT":

(Escalated Dollars)

\$77,066 (increase of \$7,166)

"ESCALATION YEAR":

2004

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Lisbon Valley Mining Co. LLC & Summo USA Corp the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/037/088 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated August 8, 1995, and the original Reclamation Plan dated August 8, 1995. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Lisbon Valley Mining Co. LLC
by Summo USA Corporation - Manager

Operator Name

By Greg Hahn
Authorized Officer (Typed or Printed)

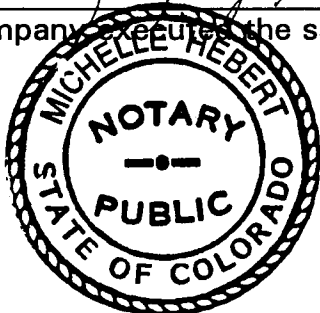
President
Authorized Officer - Position

Gregory A. Hahn
Officer's Signature

February 8, 2000
Date

STATE OF Colorado)
COUNTY OF Denver) ss:

On the 8 day of February, 19 2000, personally
appeared before me Gregory A. Hahn who being by
me duly sworn did say that he/she, the said Gregory A. Hahn
is the President of Summo USA Corporation
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Gregory A. Hahn duly acknowledged to me that said
company executed the same.



Michelle Hebert
Notary Public
Residing at: Lakewood, Colorado

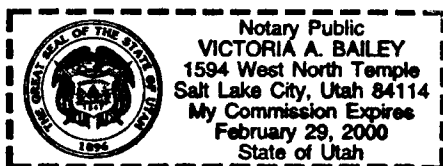
3-18-2003
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton Date 2/11/00
Lowell P. Braxton, Director

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 11th day of February, 19 2000,
personally appeared before me Lowell P. Braxton, who being
duly sworn did say that he ~~is~~ the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he ~~is~~ duly acknowledged to me that he ~~is~~ executed the foregoing
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: Salt Lake City

February 29, 2000
My Commission Expires:

ATTACHMENT "A"

Lisbon Valley Mining Co. LLC by: Summo USA Corporation - Manager	Lisbon Valley Copper Project
Operator	Mine Name
M/037/088	San Juan County, Utah
Permit Number	

The legal description of lands to be disturbed is:

Approximately 2.57 acres from exploration drilling and monitoring wells located within:

Township 30 South, Range 25 East

SE 1/4 and SW 1/4, Section 25

NE 1/4, Section 26

NE 1/4, Section 35

NW 1/4, Section 36

Township 31 South, Range 26 East

NE 1/4, Section 5

Township 31, South, Range 25 East

NE 1/4, Section 1

As described in the 1/19/99 "Well Locations" map.

As amended to include approximately 1.02 acres from exploration drilling within:

Township 30 South, Range 25 East

NW 1/4 NW 1/4, Section 36

NE 1/4 NE 1/4, Section 35

As described in the August 12, 1999 "Attachment 1" map.

As amended to include approximately 0.825 acres from exploration drilling within:

Township 30 South, Range 25 East

NW 1/4 and NE 1/4, Section 36

As described in the December 20, 1999 "Attachment 1" map.